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**Major News Releases  
and Speeches**

**March 25 - April 1, 1983**

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# Remarks

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U.S. Department of Agriculture • Office of Governmental and Public Affairs

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**Prepared for delivery by Secretary of Agriculture John R. Block, before the American Chamber of Commerce, Riyadh, Saudi Arabia, March 29.**

## **Economic Stability: The Real Promise of a Free Market**

A decade ago Americans waited through mile-long lines to get into their neighborhood gas stations. It was a nightmare that turned "OPEC" into a household word. After a time, when tempers began to settle, the American public woke up to some startling realities, not least of which was the understanding that international trade can have a profound effect on Main Street, U.S.A.

In no uncertain terms, the scarcity of a basic item like petroleum brought that point home. But the other end of the seesaw, the end we're riding now, can be every bit as blunt and painful. I'm talking about over-production, over-production of food and fiber products. American farmers know what that means just as well as the Saudis do.

Our over-production problem is painful, but not incurable. What we are trying to do in agriculture is to allow the forces of supply and demand to balance international markets so there will be a minimum of hard bouncing up and down. It's not an easy task because it demands a lot of international cooperation.

We're getting that on the homefront. We're having great success with the innovative payment-in-kind program we launched for 1983 crops of wheat, corn, grain sorghum, rice and upland cotton.

The program will hold down growth of our grain stockpiles. At the same time, total supplies will be ample to satisfy markets, both domestic and foreign.

Stress the last word, "foreign." That's an important part of the solution. We can't afford to sit by and wait for the orders to come in. As the president said earlier this month: "We have barely seen the tip of the iceberg. Four out of five new manufacturing jobs created in the last five years were in export-related industries. And yet 90 percent of American manufacturers don't export at all."



Of course, export markets are even more important to our farmers who count on those sales for one-fourth of their income.

For 12 years recordbreaking was an annual event for agricultural exports. Last year the trend faltered with value pegged at \$39.1 billion, down from the highwater mark of nearly \$44 billion. If the forecast holds, fiscal 1983 may drop by 8 percent to about \$36.5 billion.

The worst of it is that other countries' policies are causing us to lose our share of the market. In coarse grains we've dropped from 71 percent to 59 percent in 2 years. Our share of the wheat market, which was almost half in fiscal 1982, is declining rather sharply. We're also concerned about declines in cotton, soybean meal and oil, as well as rice and poultry.

Losing share is doubly distressing because it means that as we spearhead an international economic recovery with our own economic revival, our own agricultural exports won't necessarily rebound as they should. Once lost, market share is difficult to regain unless we take the offensive against this trend.

We're doing just that on a number of fronts. The EC and others have been subsidizing exports into traditional U.S. markets for a long time. It is evident that they will not be willing to revamp their policies until they understand just where we stand.

We reminded them that the price could be high when we negotiated a deal with Egypt in January to supply virtually all of Egypt's wheat flour needs this year. For years, the United States dominated the Egyptian flour market, but our position has been eroded in recent years by subsidized exports from the EC, which had become the dominant supplier.

The arrangement calls for the commercial sale and delivery of 1 million metric tons of U.S. wheat flour to Egypt over the next year.

The flour price negotiated with Egypt was at a level to meet the subsidized competition. The competitive price was made possible because USDA will provide, on a competitive bid basis, enough wheat free from CCC stocks to enable U.S. suppliers to contract for sale and delivery to the Egyptian market at the agreed price. Financing of the

sales will be through the CCC credit guarantee program—loan guarantees of up to \$117.7 million will be provided.

We sent the first signal that we were not willing to lose our markets to subsidized exports last fall, when I announced the blended credit program. Until last October, credit programs were limited to credit guarantees under GSM-102 to provide all-risk insurance. This program worked well but we needed a way to lower interest rates below commercial levels if we were to meet head-on the subsidized rates of other exporting countries.

On Oct. 20, the blended credit program was approved with an authorization of \$100 million in direct, interest-free GSM-5 credit. The \$100 million, combined with \$400 million in guarantees under GSM-102, would allow the lowering of interest rates substantially.

Within two weeks, the first blended credit package was approved and two months later the entire \$500 million in funding had been exhausted.

The program helped pave the way for the sale of substantial amounts of U.S. wheat, corn, rice, soybeans, vegetable oils and oilseed meals, cotton, tallow and other products. This was a 2.5-million-ton increase over what would have been exported otherwise.

On Jan. 11, President Reagan announced a second phase of the blended credit program, utilizing \$250 million in direct, interest-free credit in a program to total more than a billion dollars in blended credit. So far, blended credit packages have been approved for Jamaica, Bangladesh, Egypt, Morocco, Portugal and Iraq. More approvals will be coming in.

We've also been strengthening our existing programs for export expansion. For example, the GSM-102 credit guarantee program has been enlarged from \$2 billion to \$4.8 billion since the Reagan Administration took office. We have sharpened the focus of that program to pinpoint market building opportunities.

Although in the past CCC's export programs have been geared mainly to bulk agricultural commodities. CCC will now study requests on a case-by-case basis, rather than publish an eligible commodity list. Any agricultural commodity which looks like it will further CCC's long-range market development objectives will be considered.



As leaders of the American business community here in Saudi Arabia, you should know we're particularly keen on exporting high value products. That's where our loss of market share becomes most apparent.

It really hurts when you consider that if we had achieved a growth in high-value exports comparable to the growth in our low-value trade, we would now have an additional \$9 billion in high-value exports and an additional 350,000 Americans employed in processing, marketing and handling.

Developing the high value product market is going to take time. Countries with established markets are not likely to give them up.

Saudi Arabia presents just the sort of opportunity we're looking for. It's the number one market for agricultural trade in the Middle East. And it's also the fastest growing market for processed foods. Of the \$6.7 billion of agricultural commodities the Saudis imported in 1982, \$4 billion was in processed food.

Helping to develop this expanding market is our newly established trade office in Jidda. This office, like the others we have around the globe, serves as a home base for importers and exporters by providing everything from trade leads to office facilities.

Our cooperator program is another tool we use to expand our share of the market. Nine cooperators are promoting their products in Saudi Arabia during fiscal 1983. Major programs to generate and disseminate technical information are being conducted by the National Renderers Association, the Poultry and Egg Institute of America and the U.S. Wheat Associates.

We've worked closely with the Saudis in a number of vital projects to help them develop their agricultural infrastructure to increase their food security. In a country roughly the size of the United States east of the Mississippi, arable land may amount to no more than 1 percent of their total land area.

They need our help, and we need their trade. The Saudis import almost 80 percent of their food supply, and estimates forecast the same percentage for the rest of the decade. We fill a large portion of that demand.

In working as we do, toward each others benefit, we exemplify the principles of free market enterprise. Given the chance, such



cooperation can't help but raise the quality of life here, at home and around the world.

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**Following are excerpts from a speech prepared for delivery by Deputy Secretary of Agriculture Richard E. Lyng at the 53rd Annual Convention of the Independent Bankers Association of America in San Diego, Calif., March 26.**

### **Credit**

Working together, rural bankers and the Farmers Home Administration have been able to meet the credit needs of most American farmers. Although 1982 was the third straight year of low farm income, FmHA was able to stay with 97 percent of its farm borrowers. Participation lending with rural bankers helped make this possible.

We are continuing this year with the successful lending techniques developed a year ago. In 1982 we deferred principal and interest payments, rescheduled or reamortized loans, and subordinated liens to allow 42,000 farmers to stay in business. In most cases, the actions allowed farmers to stay with their private lender.

We vigorously oppose legislation that mandates loan deferrals or moratoriums. The secretary has authority, and is using it, to defer loans on a case-by-case basis. A blanket deferral would be unfair to your borrowers who are required to meet their obligations.

Farmers Home Administration was created to provide credit to family farm operations during the depression of the 1930's. It became known as the "lender of last resort," and remains that today. Our goal is to fill the credit gap that exists when rural bankers and producers are in stress situations. We are not in competition with private lenders, but instead want to be supportive -- backstopping your role as the primary source of agricultural credit.

We have expressed our concern to the leadership of both the House and the Senate about deferral/moratorium language contained in H.R. 1190 and S. 24, now working their way through the Congress. Secretary

Block believes such a provision, coupled with other provisions that have a heavy impact on the federal budget, would force him to seriously consider recommending a veto by the president.

## **PIK**

Farmer response to USDA's payment-in-kind program was tremendous. A total of 82.3 million acres will be taken out of production this year. That's 36 percent of the base acreage for the commodities which are involved. Keep in mind that farmers by nature are production-oriented people. When they are willing to take this much land out of production, it shows how deeply concerned they are about the surplus problems. The government offered them tools for working their way out of the problem. The sign-up results show that they are quite willing to use these tools.

## **Target Prices**

It is not too early to look beyond PIK. We must do what is necessary now to reduce the possibility that agriculture might recycle itself back into over production. High target prices, of course, tend to encourage production to the point where farmers are producing for the government, rather than for the market. Current law mandates automatic escalation of target prices without regard to market conditions and production costs. Now that inflation has been all but eliminated, we must convince Congress to maintain target prices at current levels.

## **Dairy Support**

Milk production has outpaced consumption due to high government price supports. This has caused government purchases, inventories and outlays to skyrocket. Congress, against our advice at USDA, tried to solve the problem by authorizing a dairy assessment program. It was a poor plan. It is unpopular with producers and difficult to administer. What we need from Congress is a plan which will provide the secretary of agriculture with the authority to adjust the price support itself. This is the only way we can send appropriate economic signals to the industry.

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# News Releases

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## U.S.-SOVIET GRAIN CONSULTATIONS COMPLETED

MOSCOW, March 25—The following statement was released here today by Alan T. Tracy, U.S. acting under secretary of agriculture and head of the U.S. delegation, at the spring talks under the U.S.-USSR grain agreement:

"We have just concluded the second semi-annual session of regular grain consultations under the 7th year of the U.S.-USSR Grain Agreement, which extends through Sept. 30, 1983. During the meeting we followed the usual agenda, which includes a detailed discussion of the world grain supply/demand situation, U.S. supplies, possible Soviet import needs and a review of the record of purchases and shipments thus far for this year.

"In light of the fact that trade this year under the agreement so far is below recent years and in light of the major new actions being taken to reduce production on the U.S. side, it was noted that this could be one of the most important consultation meetings since the outset of the agreement. Thus, discussions dealt extensively with the potential for future expansion of trade. Since Soviet meat production and total U.S. grains exports have been essentially stagnant for the past four or five years, it was recognized that there could be mutual advantage in future growth in grain trade between the U.S. and the USSR.

"The Soviets confirmed that, thus far, they have purchased 3 million metric tons of U.S. wheat and the same amount of U.S. corn for shipment during the 7th year and that shipment of these quantities is expected to be completed in April.

"When we met last fall, they indicated that during July-December of 1982, grain shipments from all origins for use in the USSR would be around 12-13 million tons, about half of the volume for the previous six months. At this meeting, however, we learned that the total reached close to 15 million metric tons. We were also informed that total grain imports during the January-March quarter of 1983 will rise substantially and will exceed the January-March 1982 level, but will fall below the record level attained in that quarter of 1981.

[USDA data show that the record import quarter was January-March 1982, not 1981, indicating a possible error in transcript of proceedings.]

"Unlike previous years, the majority of Soviet purchases thus far this July-June year have been wheat rather than coarse grains. Despite somewhat larger wheat production in 1982, the relatively low quality of the 1982 Soviet wheat crop and large global wheat supplies have led to greater feed use of domestic wheat and larger imports of milling-quality wheat.

"During the discussions, the exact level of the 1982 Soviet total grain crop was not indicated but it was noted that, although disappointing, it was considerably better than that of the previous year. Furthermore, while it is still too early to judge production in 1983, it was confirmed that conditions last fall had been poor in some areas for winter grains.

"The total level of Soviet import needs for the current July-June year was not clear from the discussions. Although actual imports will apparently be significantly smaller than last year's 46 million metric tons, it may be that even with the larger 1982 crop, some quantity of reserves may also be used to meet the year's consumption requirements.

"In discussing possibilities for future trade expansion, it was noted that on the Soviet side, difficulties with dependability of supply had contributed to lower levels of total imports and a slowdown in programs for grain utilization. At the same time, the U.S. side noted that such slow-down in imports and utilization had raised concerns about reliability of markets and contributed to major new steps to reduce production, which are already having the effect of raising world prices. It was, therefore, noted that a basis exists for expansion of trade between the two countries. Accordingly, both sides stressed the need for continuing to work closely in the months ahead and to meet further, as necessary.

"Under the terms of the 5-year U.S.-USSR grain supply agreement, which began in October 1975 and was extended for a 7th year, the Soviet Union buys at least 6 million metric tons of U.S. grain—3 of wheat and 3 of corn—annually.



"This was the 13th regular session of consultations under the agreement. The Soviet delegation was headed by Deputy Minister of Foreign Trade Boris Gordeev."

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## **\$1.7 MILLION RELEASED TO GRAND FORKS HUMAN NUTRITION CENTER**

WASHINGTON, March 28—An additional \$1.7 million has been released by the U.S. Department of Agriculture's Agricultural Research Service to support the Grand Forks Human Nutrition Center in North Dakota.

Terry B. Kinney, Jr., the research agency's administrator, said the new funding increases the total operating budget at the Grand Forks laboratory for fiscal 1983 to almost \$5 million.

The new funding will include \$500,000 to equip and furnish a new addition to the center to be completed in September, 1983, and \$625,000 for renovation and equipping of the existing building, according to Harold H. Sandstead, center director.

Another \$300,000 will go for operational costs and staffing, which will allow increasing the number of volunteers to 14.

And, \$275,000 will be applied to update a whole body counter with state of the art detection system for measurement of low levels (safe amounts) of radioactive isotopes used in metabolic studies of humans.

Data from this whole body counter can be used to determine how much of a particular nutrient in a food is available for absorption by the body—for example, the effect of soy protein meat éxtenders on iron absorption.

The center studies the role of trace elements in nutrition. A staff of physicians, biochemists, physicists, microbiologists, nutritionists, dieticians, nurses and physchologists monitors volunteers who have been assigned experimental diets, Sanstead said.

Grand Forks is one of five human nutrition research centers operated by the USDA research agency.

Others are located in Beltsville, Md.; Houston, Texas; Boston, Mass.; and San Francisco, Calif. In addition to the requirements for trace elements, they focus on composition of foods and nutritional requirements, childhood nutrition and the nutritional status of the population.

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## **RARE HOG DISEASE TESTS**

### **Much Ado about "Rien"**

WASHINGTON—"If it had been real, it would have been a terrible sight. On the first farm I visited, a third of the hogs would have been lying dead. The rest would have looked like goners.

"With outbreaks in four states, more than 10,000 hogs would have been dead and the government would have paid hog farmers more than \$1 million in indemnities. And, that would have been just the first week."

That's how Michael Sinkevich, a U.S. Department of Agriculture appraiser, described the simulated disease outbreak of "rien," a word which means "nothing" in French.

During the middle of March, about 120 people spent five days and nights dealing with a test of the nation's ability to repel an invasion of an exotic animal disease code-named rien.

"The exercise was appropriate," said William W. Buisch, chief of national emergency field operations for USDA's Animal and Plant Health Inspection Service. "Today, a real outbreak of African swine fever is occurring in Haiti, and rien really stood for that deadly disease. An international task force of animal disease specialists is working in Haiti to wipe out the infection.

"There can never be a guarantee that the real disease would not also enter the United States. If it did, it could cripple our \$9 billion pork industry and wipe out our export markets."

Since response to a disease emergency must be immediate, USDA has set up five regional emergency animal disease eradication organizations—READEOs—in the United States.

"The teams operate under cooperative agreements linking USDA, the U.S. Department of Defense, state departments of agriculture and a number of universities," said Buisch. "Each group contributes people, equipment and facilities. READEO teams have permanent bases at USDA's Animal and Plant Health Inspection Service regional veterinary services offices.

On March 14, two of the teams received a call from USDA's foreign animal disease center on Plum Island, N.Y., that they had found the exotic virus "rien" in tissue samples from sick hogs on farms in Ohio and Iowa. One outbreak was simulated to have occurred at Brookville, Ohio, west of Dayton, and the other at Shenandoah, Iowa, southeast of Omaha, Neb.

In the Iowa herd, half of the 1,500 hogs had died by the time a problem was reported and USDA confirmed that the disease was rien. A third of the 900 hogs in the Ohio herd had died.

READEO team members assembled within 12 hours after the alert went out. Like volunteer firefighters, team members dropped work at their regular jobs and rushed to the scene.

What did they do?

Ric Backman was the administrative officer for the team assembling in Omaha, Neb., to deal with the Iowa "outbreak." He set up the team's communication equipment and other gear in a meeting room of a local hotel and spent the rest of the week finding help, ordering supplies and filling the other needs of a group of 46 people suddenly thrown into a previously nonexistent work place.

Michael Sinkevich—the appraiser—belonged to the team that set up headquarters at a hotel in Dayton, Ohio. He made an inventory of dead hogs, sick hogs and those exposed to rien. He appraised their value on the basis of the current hog market, so state and federal governments could pay appropriate indemnities. Before the end of the test he had appraised nearly 4,000 animals—ranging from a \$22,000 prize breeding boar to a \$1 runt piglet.

Ray Albrecht is an expert in mass burial. Not a pleasant job. He had to be sure the pigs that had died and those that had to be killed to stop the spread of the disease were properly buried without contaminating the environment.



Don Castner is a specialist in cleaning and disinfection. He simulated directing the cleanup of buildings and equipment in Ohio after the pigs had been buried, and advised the farmers involved how long to stay out of the swine business—at least four weeks. It takes time to make the premises safe for new pigs.

Beverly Childs operated a computer terminal for the team in Iowa, linking them to all READEO operations nationwide. She classified the mountain of facts gathered by her team, so the people at READEO headquarters in Hyattsville, Md., could coordinate the test exercise nationwide.

"We'd planned the exercise to keep the participants scurrying," said Buisch. "The committee, which was sworn to secrecy, simulated not one—but two separate invasions of rien at the same time. This situation is entirely plausible but team members would be unlikely to suspect it at first.

"To some degree, the exercise was international in scope. Mexican animal health officials filed reports on simulated actions they were taking in response to the outbreak. Canada, Australia and one Pan-American organization sent observers to the exercise."

How did the simulated virus get into the United States?

One way was a farmer from Surry, Va., who acquired a boar's head during a safari in Africa. Hunting trophies can be imported legally through certain ports if they are processed by an approved taxidermist. Through an imagined misunderstanding, this particular head arrived only partially processed at the Port of Baltimore as part of the hunter's personal baggage.

The head escaped detection by agents of U.S. Customs and USDA agricultural quarantine. After the unmounted boar's head arrived at the hunter's home, he unsuspectingly carried the deadly virus to his own swine herd. Two days later, he shipped some of his as-yet healthy looking stock to Ohio.

The other entry by rien involved a farm family from Johnson, Neb., which, while on vacation in Spain, mailed locally processed hams as gifts to friends in the United States. According to the scenario, the family was unaware of federal restrictions and their gift hams passed undetected through the surveillance system set up at international post offices by the Customs Service and USDA.



The shipment spoiled en route and the recipient in Shenandoah, Iowa, tossed the spoiled meat into the garbage. His dogs pulled some of it out and carried it to his hogs.

"The two farmers in the scenario were not imaginary," said Buisch. "They were part of a group of volunteers—including 30 members of the American Farm Bureau Federation—who agreed to play along with the test exercise.

"Volunteers were given the minimum amount of information to make the scenario work. For the rest, they were to tell the READEO team members the truth regarding their swine operations."

The READEO teams simulated all the activities involved in eliminating the virus from infected herds and tracing the spread of the infection, but in actuality they neither touched any pigs nor entered any hog lots.

"By the end of the week, they had found the two sources of the infection posed by the test," said Buisch. "They also had confirmed infections on 14 premises in four states."

There is no prevention or cure for *riens* or for the real disease it represents—African swine fever. National policy is to eliminate the virus by burying pigs—those that die from the disease and those killed because they're exposed—on the premises to prevent spread. Disease control officials know of no safe way to preserve the meat.

In addition to the 10,000 dead pigs and \$1 million in indemnities, team members simulated stopping production at 10 packing plants that had bought infected or exposed pigs. And, they began simulating the process of cleaning up infection at four livestock markets through which infected pigs had passed.

Meanwhile, USDA officials in Washington issued orders to quarantine Ohio, Iowa and Nebraska and they were getting ready to quarantine Missouri, Kansas and Virginia. State officials stopped swine movements in these states and in a portion of Indiana near the Ohio outbreak, Buisch said.

"A real foreign disease accidentally introduced into the United States would move through our livestock much as *riens* did through hogs," Buisch said. "We learned a lot trying to cope with *riens*. We're happy with our successes, but now we know more about how to overcome our failures.

"We're even happier that—at least this time—we didn't have to deal with the real thing."

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## NEW HOME DESIGN IS POPULAR

WASHINGTON—If you're looking for a stronger, more versatile and less expensive home, you may wish to check with specialists at the U.S. Department of Agriculture's Forest Service.

Their "truss-frame system," they believe, will interest you.

In little more than 3 years, say the specialists, the truss-framed home has gone from a single demonstration model developed by USDA's Forest Products Laboratory in Madison, Wis., to more than 1,200 homes in 23 states.

"As with any innovation, we had some initial concerns about how well the truss-frame design would work once it was put into widescale use," said Erv Schaffer, a wood construction specialist for the Forest Service. "The practical application of the design, however, has been quite successful."

Schaffer said at least 25 builders now are building truss-framed homes ranging from single-family detached residences in Oregon to condominiums on the Florida coast.

Everywhere the truss-framed home has appeared, he said, the response has been enthusiastic.

"Once they have tried it, builders probably are most impressed with the short amount of time it takes to get a truss-framed home under roof," Schaffer said. "The individual trusses which form the home's skeleton often can be erected in under two hours. The installation of wall sheathing and roofing then takes place and in most cases the house is under roof in one day.

"This factor is particularly appealing during cold weather because it enables the electricians, plumbers and other contractors to finish the remainder of the house while under shelter from the elements."

Schaffer said the most frequently asked question about the truss-framed house is "how much money can it save me?"



Although it's difficult to determine exact cost savings resulting from the truss-frame system, he said, recent experience has resulted in some interesting generalities about the cost effectiveness of the system.

"The truss-frame system reduces the cost of labor and materials, which account for about 48 percent of the selling price of a new home," Schaffer said. "It's important to remember, though, that the system has no effect on the remaining 52 percent of costs such as the price of land, materials other than wood, or construction of the foundation.

Builders now using the truss-frame system report cost savings ranging from 7 to 30 percent over their previous method of home construction, said Schaffer. Buyers can expect a selling price for a truss-framed home of 10 percent less than they would pay for a conventionally-built home of the same size.

"Much of the savings comes from reduced labor costs," Schaffer said. "On the average, the truss-framed home is completed in 20 working days. That's 25 working days less than for a conventional home."

The simplicity of the truss-frame system makes it particularly well suited for do-it-yourselfers.

"Once the trusses are erected and sheathing is installed, it's relatively simple for someone with only basic carpentry skills to finish the home," Schaffer said. "The openness of the design makes it easy to install interior walls wherever you want.

"It's also far easier to install wiring and plumbing in the truss-framed house than it would be in conventional homes. If the owner can do this work, the design's cost savings become even more apparent."

Strength is another advantage offered by the truss-frame design, Schaffer said. The use of truss-framing creates a unitized structure which is extremely resistant to external stresses.

"Best of all," Schaffer said, "the truss-frame design proves that quality need not be sacrificed for savings. The homes built using this design illustrate that high-quality housing can be provided for less money, material and labor than previously thought."

Development of the truss-framed home couldn't have come at a better time, Schaffer said.

"Now that the pace of housing construction is beginning to increase, the availability of the truss-framed house will be an important factor in

providing quality, affordable housing for many people who had just about given up on the American dream of home ownership," he said.

Schaffer said more information on the truss-framed home may be obtained by writing: Department TFS, Forest Service, U.S. Department of Agriculture, P.O. Box 5130, Madison, WI, 53705.

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## **USDA OFFERS TO ACQUIRE GRAIN UNDER LOAN**

WASHINGTON, March 29—During a two-week period beginning April 4, the U.S. Department of Agriculture is offering to acquire corn, sorghum and wheat from those who have these commodities under Commodity Credit Corporation's regular and farmer-owned reserve price support loan, Deputy Secretary of Agriculture Richard E. Lyng announced today.

Lyng said the heavy signup for participation in the payment-in-kind program makes it necessary for the CCC to either acquire additional grain from producers or to exercise USDA's previously announced option of requiring producers to obtain CCC loans on their 1983-crop commodities to satisfy program needs. The amount of grain currently owned by CCC is not sufficient to fulfill all PIK requirements, Lyng said.

The purchase price of the grain will be the amount required to liquidate the CCC loan. Producers with CCC-loan grain have through April 15 to offer their grain under loan for a sales contract with USDA at the county Agricultural Stabilization and Conservation Service office where the loan was obtained. All such offers will be accepted by USDA.

In addition, there may be some farmers who believe they need additional compensation to allow CCC to acquire their grain under loan, Lyng said. In these cases, farmers may submit competitive bids on the amount of compensation that may be needed. The bids will show the quantity of grain the producer offers to CCC and the percent of that quantity to be paid as in-kind compensation. Bids will be received by the local ASCS office beginning April 4 and ending April 15, Lyng said.



CCC may reject any bid that includes in-kind compensation, Lyng said. The factors used in considering bids will be total cost to the government, location of the grain, class of the grain and total needs, he said. If such bids are accepted, the farmer will receive the in-kind payment immediately and may market it, use it for feed or store it, Lyng said.

USDA's offer to obtain the grain is open to all producers with grain under loan, not only to those participating in the PIK program, Lyng said. However, USDA will not acquire grain which the producer is to receive under PIK or was placed in the farmer-owned reserve after Jan. 11, 1983.

The offer should be especially helpful to those farmers who have or anticipate storage problems, Lyng said. Farmers will be able to sell their older crops under this purchase program and free up storage space for the incoming harvest, lessening the possibility of commodity deterioration, he said.

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## **USDA RELEASES COST OF FOOD AT HOME FOR FEBRUARY 1983**

WASHINGTON, March 30—The U.S. Department of Agriculture today released its monthly update of the weekly cost of food at home for February 1983.

USDA's Human Nutrition Information Service computes the cost of food at home for four food plans—thrifty, low-cost, moderate-cost and liberal.

Isabel Wolf, acting administrator of the Human Nutrition Information Service, said the plans consist of foods that provide well-balanced meals and snacks for a week.

USDA assumes all food is bought at the store and prepared at home. Costs do not include alcoholic beverages, pet food, soap, cigarettes, paper goods and other nonfood items bought at the store.

"USDA costs are only guides to spending," Wolf said. "Families may spend more or less, depending on such factors as where they buy their food, how carefully they plan and buy, whether some food is produced

at home, what foods the family likes and how much food is prepared at home.

"Most families will find the moderate-cost or low-cost plan suitable," she said. "The thrifty plan, which USDA uses to set the coupon allotment in the food stamp program, is for families with less money for food. Families with unlimited resources might use the liberal plan."

Details of the four food plans are described in Home and Garden Bulletin No. 94, "Family Food Budgeting . . . for Good Meals and Good Nutrition," which may be purchased for \$2.50 each from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

**Cost of Food at Home for a Week in February 1983**

	Plans			
	Thrifty	Low-cost	Moderate-cost	Liberal
<hr/>				
Families:				
Family of 2 (20-54 years)	\$34.10	\$44.00	\$55.10	\$66.00
Family of 2 (55 years and over)	30.60	39.30	48.60	58.00
Family of 4 with preschool children	48.30	61.70	76.90	92.10
Family of 4 with elementary school children	58.30	74.70	93.60	111.90
Individuals in four-person families:				
Children:				
1-2 years	7.80	9.90	12.20	14.50
3-5 years	9.50	11.80	14.60	17.60
6-8 years	12.10	15.40	19.30	23.00
9-11 years	15.20	19.30	24.20	28.90
Females:				
12-19 years	14.40	18.30	22.60	26.90
20-54 years	13.90	17.90	22.20	26.50
55 and over	12.60	16.20	19.90	23.60

Cost of Food at Home for a Week in February 1983—Continued

	Plans			
	Thrifty	Low-cost	Moderate-cost	Liberal
Families:				
Family of 2 (20-54 years)	\$34.10	\$44.00	\$55.10	\$66.00
Family of 2 (55 years and over)	30.60	39.30	48.60	58.00
Family of 4 with preschool children	48.30	61.70	76.90	92.10
Males:				
12-14 years	16.20	20.40	25.60	30.60
15-19 years	17.70	22.60	28.30	33.90
20-54 years	17.10	22.10	27.90	33.50
55 and over	15.20	19.50	24.30	29.10

To estimate your family food costs:

- For members eating all meals at home—or carried from home—used the amounts shown.
- For members eating some meals out, deduct 5 percent from the amount shown for each meal not eaten at home. Thus, for a person eating lunch out five days a week, subtract 25 percent, or one-fourth the cost shown.
- For guests, add 5 percent of the amount shown for the proper age group for each meal.

Costs in the second part of the chart are for individuals in four-person families. If your family has more or less than four, total the "individual" figures and make these adjustments, because larger families tend to buy and use food more economically than smaller ones:

- For a one-person family, add 20 percent.
- For a two-person family, add 10 percent.
- For a three-person family, add 5 percent.
- For a family of five or six persons, subtract 5 percent.
- For a family of seven or more, subtract 10 percent.

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## SCHOOL LUNCH RATES HIGH IN NATIONAL STUDY

WASHINGTON, March 30—Students who eat school lunches have higher intakes of energy and nutrients than students who do not take part in school nutrition programs, according to a study by the U.S. Department of Agriculture.

"The report finds the national school lunch program is effective in safeguarding the health of the nation's school children by providing nutritious foods," said Assistant Secretary Mary Jarratt. "It affirms the administration's staunch support of the lunch program as the cornerstone of our child nutrition assistance."

The study, entitled "The National Evaluation of School Nutrition Programs," is the first to look at the effects of school nutrition programs on a nationally representative sample of public school students and their parents. Some 7,000 families throughout the country took part in the study.

"The school lunch program, as judged by the nutrient intake of students, clearly provides meals that are superior to the lunches eaten by nonparticipants. The superior nutritional quality of the school lunch program is accounted for by the well-balanced variety of foods that must be served in the program," Jarratt said.

Of the many nutrients for which lunch program participants show superior intakes, four—vitamins A and B6, calcium and magnesium—often are deficient in the diet of the school-age population, according to the study.

These positive nutritional benefits were found for students of all income levels, Jarratt said. While the lunch program serves substantial numbers of students from low-income families, it is available to all students. The study indicates that the federal lunch program is available to 98 percent of public school students in the United States.

"This documented evidence of the success of school lunch is a tribute to an excellent nutrition program and all the people connected with it," Jarratt said.

The national school lunch program currently serves more than 23 million children in about 91,000 schools throughout the nation.

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## SHOW BIZ BRINGS THE WILDS TO YOU

WASHINGTON, March 30—Without leaving your armchair, you share with skiers and campers spectacular scenes of thick forests, blue glaciers, rocky deserts, torrential rivers, alpine lakes and mountain peaks.

It happens every day. Show biz bombards you with the images.

How film-makers freeze these wonders for showing in your living room and local theater is well known. Not so well known is the work that goes on behind the scenes—the cooperation of the private sector and the U.S. Department of Agriculture's Forest Service, each playing a different role.

Private film-makers supply the movie stars, the script and the money. The Forest Service provides guidance, protection of the public interest and sometimes technical assistance when the pictures are filmed on lands administered by that agency.

Out of all this come shows like True Grit, How The West Was Won, The Bionic Woman, Little House on the Prairie, The Waltons and Wild Kingdom.

As filming sites, Forest Service lands are growing in popularity.

Betty Hite, director of the Forest Service's national media west office in Pasadena, Calif., counts 17 major movies and 22 TV series and shows that have been filmed on national forest lands in recent years.

"We think we can provide any type of scenery a producer might want," said Hite. "National forests obviously can supply a wide range of woodland settings, but they also offer unspoiled rivers, spectacular glaciers, alpine lakes and snow-covered mountain peaks."

"Mount St. Helens on the Gifford Pinchot National Forest even allows us to offer film producers in the private sector an active volcano. That's something they can find in few other places no matter how much they are prepared to spend on travel expenses."

Convenience and economy have made national forests in southern California particularly attractive to film producers. These forests offer a wide variety of scenery, but are all within a few hours drive of Hollywood, a very important factor when the high costs of moving film equipment and personnel are considered.

As a result, these national forests have been the setting for such television programs as the Dukes of Hazzard, Six Million Dollar Man, Grizzly Adams and the Wonderful World of Disney.

Hite spends much of her time finding locations for producers and in helping them get permission to use national forests. Like any other special use of a national forest, a permit must be obtained before the director, actors and technicians are allowed to work within the forest.

Suppose Francis Ford Coppola wants to film his next spectacular on a national forest.

How would he go about it?

"First, Coppola, or any other producer, would have to decide where and when he would like to conduct filming," said Hite. "Next, the producer would file an application for a special use permit with the appropriate ranger's office.

"The producer would have to describe what equipment, personnel, vehicles and special effects the film crew would use."

The Forest Service is especially particular about any special effects that might cause fires.

If the application is acceptable, a permit is issued which gives the producer permission to use the national forest. The film studio must post bond to make sure the area is cleaned up and restored to its original condition once filming is completed.

The studio also must pay a daily fee and reimburse the USDA's Forest Service for costs incurred by the agency as a result of the filming. The fee is about \$200 per day on national forests in southern California and ranges from \$50 to \$100 on other national forests nationwide.

Although film producers and directors are careful about damaging the environment, Forest Service personnel usually are on hand during filming.

Occasionally, the USDA agency denies special effects requests.

"For example, we had to turn down a request by a director who wanted to simulate a snowstorm on a national forest in Wyoming by blowing millions of styrofoam pellets through the forest and then painting a mountainside white," said Hite.



Also rejected was a request to burn a cabin as part of a filming session on a national forest during one of the region's worst fire seasons.

Hite serves as a technical consultant when studios use Forest Service personnel and equipment. This becomes a major responsibility when the story centers on a Forest Service employee.

For instance, Hite's approval of the script and filming sequences was required for David Janssen's last film, "High Ice," in which he portrayed a Forest Service ranger.

"One of my major responsibilities is to insure that Forest Service equipment and personnel are accurately portrayed," Hite said. "This is particularly true whenever a studio uses a Forest Service uniform in one of its productions."

Even the largest costume shops in Hollywood don't have Forest Service uniforms. Hite said the media west office is the only place these uniforms can be acquired, and their use must be authorized. Once permission is obtained, the agency can supply authentic uniforms dating back to the 1920's.

Movies filmed on national forests also include The Apple Dumpling Gang, Deliverance, Heaven's Gate, Jeremiah Johnson, The Legend of Tom Horn, Lost Horizon, The Main Event, The Missouri Breaks, Mountain Man, Paint Your Wagon, Rim of Fire, Rooster Cogburn, Starbird and Sweet William.

Among other TV programs and shows done on national forests are Baa-Baa Black Sheep, Banjo Hackett, The Big Valley, Call of The Wild, Dr. Kildare, Empire, The FBI Story, The Fall Guy, High Ice, Ironsides, Lassie, Perry Mason, and Rawhide.

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## **'PLOWLESS FARMING' FORECAST FOR ALL CROPLAND BY 2000**

WASHINGTON, March 30—An era of "plowless farming" will be in full swing on virtually all U.S. cropland by 2000, a U.S. Department of Agriculture research official forecasts.



Terry B. Kinney, Jr., administrator of USDA's Agricultural Research Service, says the old familiar spring plowing of fields will give way to conservation tillage practices so the country's soil losses to erosion can be curbed.

Conservation tillage can "do more to preserve the nation's soil and water heritage than any other single farm practice," Kinney says in the March issue of Agricultural Research magazine.

"A few years ago," Kinney says, "most farmers wouldn't hear of using tillage methods that left residue on top of the soil. They relied on the curved moldboard plow to turn all crop residues under the soil, a practice that can produce maximum rates of erosion.

"Now, the department's Soil Conservation Service reports that about 100 million acres, nearly a fourth of U.S. cropland, is conservation tilled," Kinney says.

While the venerable moldboard plow is steadily yielding ground to conservation tillage, Kinney cautions that this new method is not a panacea. Farmers will need to learn new and timely skills, especially those to control weeds and pests, he says.

All conservation tillage methods are based on holding soil disturbance to a minimum, he says. No-till, for example, disturbs the soil the least.

A no-till farmer uses a chisel point or coulter blade that rips rather than turns soil, opening a two-inch wide strip in the soil for planting seed. It is not necessary to work the soil again from harvesting until the next crop is planted, says Kinney.

Other conservation practices mix various amounts of residue into the topsoil, leaving much of it near or on the surface. These techniques are called reduced or minimum tillage.

Kinney says the upsurge in farmer interest in conservation tillage was stimulated largely by reduced fuel and labor costs. Tractors make fewer trips over fields and herbicides replace plowing in controlling weeds.

Research findings and farmers' own experiences are showing that minimum or no-till practices improve soil and water conservation while maintaining and even increasing crop yields. One of the most effective educational efforts of the Cooperative Extension Services, he says, is in the area of promoting conservation tillage.

"Conservation tillage is an idea whose time has come," Kinney says. "Erosion already has removed about half of the topsoil from a fourth of U.S. farmland," he says. "In some areas, erosion rates with cotton, corn and soybeans are between 15 and 25 tons an acre annually, depending on the type of soil."

Kinney says scientists and farmers are encountering a myriad of new or intensified challenges as conservation tillage is studied and applied. These challenges include weeds, plant diseases, nematodes, insects and rodents, and difficulties with poorly drained soils, seed and fertilizer placement, seed germination and soil compaction.

"Perhaps the most unique challenge," Kinney says, "is that no-till modifies the soil's physical, organic, microbiological and chemical environments, thus mandating changes in basic farming practices and equipment."

Solving these problems will require new multidisciplinary research by scientists and engineers, Kinney says, to make conservation tillage a cost-efficient way to control erosion on more soils.

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## **GRAIN INSPECTION ADVISORY COMMITTEE WILL MEET APRIL 29**

WASHINGTON, March 31—The Federal Grain Inspection Service Advisory Committee will meet April 29 at 8:30 a.m., in the U.S. Department of Agriculture's South Building, room 2096, 14th and Independence Ave., S.W.

The agenda includes coverage of financial matters; a report of the moisture subcommittee; USDA's responsibility for official weighing; recording hooper car and barge seals; and an update on the quality control plan.

The meeting is open to the public. Written statements may be submitted before or at the meeting. Anyone who wants to speak at the meeting should contact Kenneth A. Gilles, Administrator, FGIS, U.S. Department of Agriculture, Washington, D.C. 20250, telephone (202) 382-0219.



The committee provides advice to the administrator of USDA's Federal Grain Inspection Service on the efficient and economical implementation of the U.S. Grain Standards Act to assure the orderly and timely movement of grain.

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## **USDA PROPOSES NEW RULE TO FACILITATE TRADE OF INEDIBLE EGG PRODUCTS**

WASHINGTON, March 31—The U.S. Department of Agriculture today proposed revising regulations governing mandatory inspection of eggs and egg products to permit exportation of nondenatured inedible egg products—those intended for industrial purposes and animal food rather than human consumption.

USDA will accept comments until May 31.

H. Connor Kennett, a poultry official with USDA's Agricultural Marketing Service, said the proposed changes would permit exportation of inedible egg products that have not been denatured, a process to clearly identify them, either visually or by odor, as inedible.

"Under current regulations, nondenatured inedible egg products can be shipped within the United States under very stringent controls, but cannot be exported," Kennett said. "The regulations limit access to foreign markets for U.S. inedible egg products because the denaturing requirement makes them unsuitable for certain industrial and animal food uses."

Domestic movement of nondenatured eggs and egg products is permitted if they are properly labeled, shipped under government seal, and controlled at receiving points by government inspection.

The proposed amendments would require approval of the products by authorized foreign government officials, product labeling as required by U.S. regulations, shipment under government seal and receipt by U.S. or foreign government officials. The United States also would be required to approve control procedures established by foreign countries to preclude the use of such products as human food.

Kennett said the revisions would facilitate trade and enable U.S. firms to compete more favorably in foreign markets without imposing



additional burdens on the affected industry. They also would allow for the importation of similar products.

Comments should be sent to D. M. Holbrook, Chief, Standardization Branch, Poultry Division, rm. 3944-S, AMS, USDA, Washington, D.C. 20250.

USDA is authorized under the Egg Products Inspection Act to conduct mandatory inspection of eggs and egg products. The act assures that eggs and egg products reaching the consumer are wholesome and unadulterated.

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## **USDA DIAGNOSES EXOTIC NEWCASTLE DISEASE IN NEW YORK**

WASHINGTON, March 31—Exotic Newcastle disease, a foreign disease of poultry and other birds, has been found in baby yellow-naped Amazon parrots in an aviary on Long Island, New York, according to a U.S. Department of Agriculture veterinarian.

Dr. E.C. Sharman, assistant deputy administrator for animal health programs of USDA's Animal and Plant Health Inspection Service, said the disease was diagnosed by USDA's National Veterinary Services Laboratories at Ames, Iowa, from samples submitted from the aviary of Richard King of Rosedale, N.Y.

The 25 birds remaining on the premises have been destroyed and USDA will pay indemnities to help compensate King for his loss. All birds will be traced in an effort to find out where the disease came from and where it might spread.

Although exotic Newcastle disease causes high mortality in poultry and most caged bird species, it poses no health risk to people who eat poultry and eggs, Sharman said.

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## **CHANGES SIMPLIFY FOREST SERVICE APPEALS PROCESS**

WASHINGTON, March 31—Changes simplifying the process of appealing National Forest System management decisions made by the U.S. Department of Agriculture's Forest Service will become effective April 30.

Forest Service Chief R. Max Peterson said the revisions correct ambiguities in the present appeal process, streamline procedures and make the regulations easier to read and understand. They are the result of a comprehensive review of existing appeal policies and procedures and suggestions for improving them, he said.

The revisions were proposed by Forest Service officials, appellants and other individuals and organizations.

Another important change, Peterson said, is that some kinds of procedural decisions which Forest Service officers make during the appeal process no longer can be appealed.

Also excluded from appeal are decisions to provide advisory nonbinding recommendations to other agencies which have the final authority to implement a decision in question, he said.

The final revised rule on appealing decisions involving the National Forest System was scheduled to be published in the Federal Register on March 31.

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## **INTEREST RATES LOWERED FOR FARMERS HOME WATER/SEWER LOANS**

WASHINGTON, March 31—An improving economy has resulted in a further reduction in the U.S. Department of Agriculture's Farmers Home Administration interest rates for community facility and rural water and waste disposal loans.

Effective April 1, the basic interest rates for those communities able to afford it will be lowered to 9.125 percent from 9.750, Charles W. Shuman, administrator of the agency, said today.

Shuman also said the intermediate rate—for communities unable to afford the standard rates but unable to qualify for the poverty rate—will

go to 7.125 percent from 7.375. The poverty-line interest rate remains at 5 percent.

"The growing strength of the economy is shown in lower interest rates for municipal bonds, and our rates are based on the bond rates," Shuman said. "Since we were able to reduce rates December 31, this latest reduction is good news for those communities that will benefit and as a sign of better economic times."

As a rural credit agency of the USDA, the agency makes loans to farmers and other rural residents and communities who are unable to obtain credit from private lenders at affordable rates.

In addition to water and sanitary facilities, the agency's community loans can help finance such projects as health clinics and fire stations.

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## **1983 MEAT IMPORTS ESTIMATED TO BE BELOW TRIGGER LEVEL FOR QUOTA IMPOSITION**

WASHINGTON, April 1—Deputy Secretary of Agriculture Richard Lyng announced today that U.S. meat imports for 1983 are estimated below the level that would require restraints on imports under the Meat Import Act of 1979.

Lyng said, based on estimates of available supplies, imports of beef and certain other meats should total not more than 1.224 billion pounds. The level that would trigger import quotas for 1983 is 1.231 billion pounds.

The Meat Import Act requires the president to restrict imports of certain meats—primarily beef and veal—if USDA estimates imports of those meats will equal or exceed 110 percent of a stated level.

"Based on today's estimate, there is no need to impose import restrictions during the quarter beginning April 1," Lyng said. "Our analysis of conditions in this country and abroad affecting meat imports, indicates there will be no need for import restrictions to be put in place during the second quarter of the year."

USDA makes a new estimate of meat imports before each calendar quarter. Subsequent estimates will be made in June and September and announced on or before the first day of each succeeding month.



No import restrictions on meat imports were imposed during 1980 and 1981. During 1982, voluntary restraint agreements were signed with Australia and New Zealand in the final quarter in order to control the total supply of imported meat. Final data on actual 1982 meat imports is shown below.

Imports of meat subject to the law—by month—are shown in the following table:

Month	1980	1981	1982	1983
	<i>million pounds</i>			
January	144.3	79.5	55.5	92.2
February	107.0	109.2	67.5	124.3
March	97.1	90.6	127.9	
April	101.9	107.6	119.2	
May	105.0	81.9	86.0	
June	99.5	98.1	160.6	
July	146.0	112.2	99.2	
August	123.4	102.1	133.8	
September	100.5	114.1	237.4	
October	132.4	122.7	126.6	
November	104.6	97.3	33.9	
December	169.3	101.6	71.7	
TOTAL*	1,431.0	1,216.8	1,319.6	

\* Total may not add due to rounding.

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## EASTERN AIRLINES CHARGED IN DEATH OF 80 HAMSTERS

WASHINGTON, April 1—Eastern Airlines, Inc., of Miami, Fla., has been charged with violating the Animal Welfare Act in connection with the death of 80 hamsters, a U.S. Department of Agriculture official said today.

According to W.B. Grene, veterinarian in charge for USDA's Animal and Plant Health Inspection Service in Florida, Eastern transported 100 hamsters from Miami, Fla., to San Juan, P.R., Aug. 17, 1982. The 100 animals were in a single container; regulations permit only 50 per container. Only 20 of the hamsters were alive when they arrived in San Juan.

Grene said the incident violates an Aug. 10, 1982, cease-and-desist order in which an administrative law judge required Eastern to refrain from violating the Animal Welfare Act.

USDA is seeking civil penalties of \$2,000. Eastern has 20 days to respond to the charge and can request a hearing before an administrative law judge. Failure to respond constitutes admission of the charge.

Eastern is a registered carrier under the Animal Welfare Act. Carriers who accept live animals are required to comply with federal transportation standards. They may not accept live animals for shipment unless the animals are properly crated.

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## **1982-CROP CORN, SORGHUM PRODUCERS TO RECEIVE DEFICIENCY PAYMENTS**

WASHINGTON, April 1—Eligible corn farmers will earn about \$290 million in deficiency payments on their 1982 crop, while sorghum farmers will earn about \$64 million, according to Everett Rank, administrator of USDA's Agricultural Stabilization and Conservation Service.

Rank said deficiency payments are required under the 1982 corn and sorghum programs because average market prices received by farmers during the first five months of the marketing year (October through February) were below established target price levels of \$2.70 per bushel for corn and \$2.60 for sorghum.

The deficiency payment rate is based on the difference between the established target price and the higher of either the national weighted average market price for October through February or the loan rate.

The national weighted average market prices were \$2.24 per bushel for corn and \$2.20 per bushel for sorghum. Thus, eligible producers will be paid 15 cents per bushel for their 1982-crop corn based on the \$2.55 loan rate and 18 cents per bushel for 1982-crop sorghum based on the \$2.42 loan rate.

Deficiency payments will be made to corn and sorghum farmers who participated in the 1982 acreage reduction programs. Rank said the payment checks will be issued through local ASCS offices as soon as possible after April 1 for both corn and sorghum.

The total base acreage for the 1982 corn program was 81.3 million acres of which 23.6 million acres participated in the program. The total acres planted for harvest on these complying farms was 19.1 million. For the 1982 sorghum program the total base acreage was 17.7 million acres with 8.3 million acres participating. The acres planted for harvest on the complying farms was 6.1 million.

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## **1982 WOOL PAYMENTS ESTIMATED AT \$70 MILLION, MOHAIR PAYMENTS AT \$12 MILLION**

WASHINGTON, April 1—Sheep producers will receive about \$70 million in federal incentive payments on wool and lambs they sold in 1982, while mohair producers will receive about \$12 million.

According to Everett Rank, administrator of the U.S. Department of Agriculture's Agricultural Stabilization and Conservation Service, mohair payments are being made for only the second time since 1971.

The 1982 national average market price for shorn wool was 68.4 cents a pound, 68.6 cents less than the \$1.37 per pound support price, Rank said. Dividing the difference (68.6 cents) by the average market price (68.4 cents) results in a 1982 payment rate of 100.3 percent, compared with a payment rate of 42.9 percent in 1981, he said. The payment rate is the amount required to bring the average price received by all producers up to the support price.

For mohair, the 1982 average market price was \$2.55 and support price \$3.977, making the payment rate 56 percent, Rank said.



The wool and mohair programs encourage the production of higher quality fibers because the more producers receive from sales, the more they receive in government incentive payments. Producers payments are determined by multiplying the payment rates (100.3 percent and 56.0 percent) times the net dollar return received by producers from wool and mohair sales.

Producers will receive \$2.74 per hundredweight in federal payments for unshorn lambs they sold or slaughtered in 1982. This payment is to compensate growers for wool on live lambs they marketed. The payment is based on the shorn wool payment rate, the average weight of wool per hundredweight of lambs and the price of lamb's wool relative to the national average price for shorn wool, Rank said.

When wool and lamb payments are computed, 4 cents a pound from wool payments and 20 cents per hundredweight from lamb payments are withheld. The money is forwarded to the American Sheep Producers' Council to finance advertising, sales promotion and related market development activities. Four and one-half cents per pound is withheld from mohair payments and forwarded to the Mohair Council of America.

The wool and lamb deductions were approved by a 72.6 percent favorable vote of sheep producers voting in a referendum in August 1982. Mohair deductions were approved by 78.4 percent of the producers voting in a December 1982 referendum.

Payments will be made soon through county offices of USDA's Agricultural Stabilization and Conservation Service, Rank said.

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# Backgrounders

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U.S. Department of Agriculture • Office of Governmental and Public Affairs

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## MARKETING ORDERS ARE A BASIC TOOL OF SOME FARM INDUSTRIES

In spite of advances in computer technology, tools like the shovel, saw and hammer never become obsolete.

So it is with a federal marketing order, a tool that some farm industries have made extensive use of since the 1930's to improve the marketability and marketing of their products.

In a nutshell, a marketing order is a "self-help" type of program that producers can use to solve a rather wide range of problems through unified action. Currently, nearly 100 of these federal programs operate in different parts of the country, covering certain crops—primarily fruits, vegetables, and nuts—and also milk.

General authority for the use of marketing orders is in a federal law—the Agricultural Marketing Agreement Act. It specifies the kinds of commodities marketing orders can cover. But it also excludes several commodities—wheat, corn, livestock, and honey, for example.

Since the law was enacted in 1937, it has been amended many times with authority for additional commodities and for additional kinds of provisions that marketing orders can have. Production research and advertising, for instance, were authorities added in recent years for some commodities.

Provisions of the actual marketing orders vary, because these programs are uniquely designed—within bounds of the law—to attack specific marketing problems that producers have.

Marketing orders for fruits and vegetables generally aim at improving quality of products marketed, evening out the flow of the product to market, improving market practices, or increasing consumer demand through promotion and market development activities.

Provisions of milk marketing orders differ from those of other commodity marketing orders. Essentially, each milk order provides a pricing mechanism that permits dairy farmers to receive a specified minimum price for their milk based on its use, whether for drinking or for manufacturing into dairy products.



Handlers of milk, who make the payments based on a "formula price," also pay assessments to finance operations of the orders.

The U.S. Department of Agriculture, through its Agricultural Marketing Service, oversees the daily operation of marketing orders. The agency holds public hearings and carries out rulemaking requirements that are necessary steps of developing the programs, amending them so they are attuned to changing marketing conditions, or ending them when the programs are no longer needed by the industries that requested them.

Once a marketing order has been voted in by producers, its terms and rules apply to each handler of the commodity covered. Under the federal marketing order for California nectarines, for instance, a packer of nectarines meets quality grade requirements that have been set by the secretary of agriculture.

Similarly, a milk dealer under the Chicago regional milk marketing order would pay producers whatever monthly minimum price has been set by the secretary of agriculture under that program.

In the case of milk, a milk market administrator appointed by the secretary of agriculture sees to it that milk dealers' milk receipts are correctly audited so the formula price is correctly applied to producers' shipments.

All marketing order regulations originate with the industries concerned. In the case of fruit and vegetables orders, an administrative committee of growers and handlers makes its recommendations to USDA.

USDA does not seek to impose these programs upon farm industries. Instead, USDA furnishes technical guidance to farmers and handlers who want to make use of these programs. In carrying out the government role, USDA also makes sure everyone interested in the development and operation of the programs has a fair hearing and that each marketing order works according to federal law and established rules and guidelines.

For nearly a half century, farm producers have made wide use of this "tool" for solving marketing problems. Today, 48 marketing order programs cover various kinds of fruits, vegetables and specialty crops in 37 states, with a farm value of about \$6 billion, and 46 milk marketing



orders cover 68 percent of all the milk marketed in the country, worth more than \$12-1/2 billion at the farm.

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## USDA'S FOOD ASSISTANCE PROGRAMS

In May 1961, the federal government began a small, experimental anti-hunger program in eight U.S. counties. That pilot program, which served 150,000 low-income people and cost American taxpayers \$13 million in its first full year, was the beginning of today's food stamp program.

Today with 22 million participants, the food stamp program of the U.S. Department of Agriculture is twice as costly as all other USDA food assistance programs combined. What began as a small pilot project in the early sixties grew by the end of that decade until it was larger than the food distribution program. By 1974, it was a nationwide program, and by 1980, there were 21 million participants.

The second largest USDA food assistance program is the school lunch program which serves about 23 million lunches each school day.

Other USDA food assistance programs are:

- The school breakfast program which serves 3.4 million students;
- the child care food program serves 1 million children in day care situations;

- the summer food program, which is directed to needy children, served 1.4 million children at its peak last summer.

- The supplemental food program for women, infants, and children;

- the food distribution programs which make a wide variety of foods available to a number of outlets, including schools, hospitals, penal institutions, summer camps for needy children, nutrition programs for the elderly, and needy families on Indian reservations.

- The special dairy distribution program, which provides surplus dairy products (currently cheese and butter) to food banks for distribution to the needy. In its first year of operation, USDA distributed these products to nearly 10 million needy people.

These programs are supporting, in whole or in part, over 95 million meals a day.

All of the programs are administered by USDA's Food and Nutrition Service.

USDA has four goals for the programs in 1984:

- to concentrate federal food assistance to those who need it most;
- to streamline and simplify program administration to reduce costly errors and the potential for fraud.
- To emphasize states' responsibility in program operations by enhancing their flexibility in operating the programs and by increasing incentives for effective operation; and
- to slow the growth in program costs as part of a government-wide effort to reduce the deficit.

### **1984 Budget Proposal**

The proposed food stamp budget would provide \$10.9 billion in 1984. Savings of \$766 million are projected from the proposal. Twenty-five percent of the savings will come about as a result of reducing payments made in error and 55 percent of the savings would be from reduced subsidies to states for error rates above the proposed 3 percent tolerance level. About 15 percent of the savings would result from slowing the rate of benefit growth, and 5 percent would come from the community work experience program.

The school breakfast, child care food, and summer programs would be consolidated into a general nutrition assistance grant for the states; and the major food assistance programs—food stamps, school lunch and WIC—would be funded at about the same level as last year.

The proposed budget would allow states to verify free and reduced price meal applications at welfare offices. This change would help deter fraud and abuse.

The Food and Nutrition Service has been successful in fighting fraud, waste and abuse in the food stamp program through such initiatives as wage matching and photo identification, and agency officials expect more success through simplifying certification rules and by increasing incentives to states to reduce high error rates.

Agency officials are giving high priority to fighting fraud, waste and abuse in the food programs. By doing so, they help assure that benefits

go only to the most needy. This also reduces the cost and improves the public perception of the programs.

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